App. F. IX-4

192 . (C. S.)

File No. 11-28

Serial Nos. 1-4

Previous References
C. S. 128-25 (1-8)
128-27 (1-3)

Later References
C. S. 95-29 (1-4)
"-30 (3, 6, 27)
C. S. 83-32 (1-2)
34-33 (1-2)
" 85-33 (1-2)
" 34-33 (3-13, 17)

Reserve

P. 18 (E)

General and Revenue Secretariat.

Serial Nos. four

Part B for Oct 28

SUBJECT

Reduction in the rate of interest on the Subvention granted by the Mysore Provincial Co-op. Apex Bank Ltd Bangalore to H. B. Co-op. societies.

D 3894-5 Dt. 3. 10. 28

the Regr. of Co-op. Societies,

Camp at [illegible]

States that Government consider that it is not expedient to fix a lower rate of interest than 5% and that interest at this rate should have be ~~loan~~ levied during the currency of the loan.

General and Revenue
Secretariat.

GS File No. 11 of 19..

Serial No. 1

Letter No ~~G~~ 225/GS. dated 13th July. from the Registrar C.S. requesting for reasons stated, sanction to the reduction in the rates of interest on the subvention sanctioned to the Apex Bank for developing and financing House Building Cooperative Societies in the State and also requesting sanction to repay the amount in not more than 25 annual instalments.

The rates of interest charged and the ~~[illegible]~~ proposals of the Registrar are:

(1) On ~~Amounts~~ amounts sanctioned by Govt to the Ba
(a) according to G.O.:- 5% for two years
5½% on w-
(b) Proposal of the Regr:- not exceeding 4½%.
(2) On the amount lent from the bank to the Society (a) 6½%
(b) 6%.
3) On the amounts lent from the Society to the members. (a) 7%
(b) 7%

2

G.S. 128-25
sl 1-8

The file leading to the previous G.O. is placed below for perusal. Submitted for o.—

Sd/-
31/7/58

together with a copy of the proceedings of the monthly meeting of the Regr of Coopve Socys. with the Dewan

General and Revenue Secretariat. Co. S. File No. 11 of 1928—29

Serial No.

Flag M

and Member of Council held on the 17th July 1928

Sd/ 6.8.28

3 Kind refce is invited to the notes & discussions in File No C.S. 128-25-1-8. placed below, leading to the G.O. of the 22nd June 1927. (Flag J.)

4 It would seem from the letter of the Registrar that the Apex Bank has no intention of actually drawing any amounts from Govt, under existing conditions.

5 The Regr thinks that there is not enough margin now, for the Apex Bank & the Primary H.B. Societies, to sanction loans at a low rate of interest. He suggests that the Govt may sanction the loan to the Apex Bk at 4½ p.c., so that the latter may advance loans to Primary H.B. Societies at 6 p.c. & these, in turn, to the members at 7 p.c.

6 He also recommends that the period for the repayment of the Govt loan may be extended to 25 years, from "3 years to begin with" as now ordered. On this point, kind refce is invited to portion marked A. in the H.Secy's note d. 12th June 19

Flag B.

wherein he has expressed general agreement to enhance the period for repayment, if there shd. be real need.

8/8 7 H. Secy may be consulted.

Secy (D) WP 8/8/28.

NOTE—Contn. Sheet.

473

App. F. III—2]

General and Revenue Secretariat. C. S. File No. 11 of 1928-29

Serial No.	
Fl 574 1991 8/28	**8** Fl. Secy, with complts 9 8 28
1342/10/8	**9** 9/8 I am agreeable to the Registrar's with the following modifications – (1) The loan and cash credit to the Apex Bank may be made repayable within the maximum period of 15 years (instead of 25 as suggested by Regr.). This extension will for the present meet the requirements of the case. The annual instalment will not be heavy.
10 I think this may be raised to 20 yrs	
11 I agree	(2) The rate of interest shall be 5 pc. p.a. Govt. pays interest at this rate on 5 year deposits in the Savings Bank. The actual cost of borrowed money is about 5½ %. I do not see any financial justification to provide funds for house-builders at the expense of the general tax payer. It is not desirable to fix the rate of interest below 5 pc at present. Should the rate of market borrowings be favourable, there may be no objection to lower the interest rate charged to the Apex Bank later. (3) & (4) are all right and may be approved 11.8.28.
1889/14/8	**12** F.M., 14.8.28 14/8

SECRETARIAT 13/9 13 SEP. 1928 DEVELOPMENT BRANCH

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

3d Member)

493

4

App. F. III—2]

General and Revenue Secretariat. C-S. File No. 11 of 1928-29

Serial No.	
	13 Govt have given a loan of 1 lakhs allowed a cash credit of 1 lakh – I should like to know how much of these amounts have been actually drawn from the Apex Bank; & how much has been advanced by that Bank to House building Societies & at what rate? 15/8/28
	14 Please ascertain by a specific enquiry to the Regr. WP 16/8
	15 Draft submitted. S.D. 16/8/28 VS (16) Done WP 20/8
2	To The Registrar of Coopve Socs. in Mysore No. D-2243, dated 21st Aug. 1928 Requests him to furnish infor. on the points raised above.
3	From The Registrar of Coopve Socs. in Mysore No. 1523/C., d/ 6th Sep. 1928 Gives particulars of loans granted by the Apex Bank to House-Building Coopve Socs. out of the funds of the Bank, and states that no amount has been drawn as yet out of the Govt. subvention of two lakhs. **17** Submitted with reference to

Ens. A

GEN. & REV. SECRETARIAT.
28 AUG. 1928
DEVELOPMENT BRANCH.

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

73 2093

(5

General and Revenue Secretariat. C. S. File No. 11 of 1928 – 29

Serial No.

2859
11/9

S OFFICE.
SEP. 1928
1550

to Third Member's minute, dated the 15th Aug. 1928 (para 18 supra)

S. Dr.
7-9-28

18
Sub. for perusal & orders –
Refer. Para 11.
Third member)
WQ 11/9

19
I agree with the [illegible]
13/9/28.

20
Please put up dft.
13-9-28

21
Draft G. O. submitted.
WQ 13/9

22
S. Dr.
14-9-28
Please bring up
WQ 14/9

23
Revised typed draft put up, as instructed

24
S. Dr.
15/9/28
Dft for appl
Secy D)
WQ 15/9/28

25
(Please see addition in para 2 of the dft. which seems to me to be in consonance with the opinion)
3rd Member)
19 9 28

18/9

3158
19/9

28

26
WQ 19/9

23-9-28
Dewan)

27

29
Issue
WQ 25/9
25 9 28

typed
WQ 21/9
21 9 28

2093

6

General and Revenue Secretariat. C-S. File No. 11 of 1928-29

Serial No.

To the Finl. Secy. — for favour of communicating with fair copies the order to the Comptroller.

S. D.
3.9.28

H. Com. 726
G. 3/10/28

The G.O. is according to Financial Secy's opinion (page 3)
Draft & fair Subd.

3/10

Communicated 5/10/28

4 To
The Registrar of C[illegible] in Mysore
No. ~~Comptroller~~ to the Govt. of
No. D. 3894-5 d/ 3rd Oct. 1928
States that Govt. consider that it is not expedient to fix a lower rate of interest than 5% and that interest at this rate should be levied during the whole currency of the loan

Rec. B

GEN. & REV. SECRETARIAT
30 OCT. 1928
DEVELOPMENT BRANCH.

NOTE—Contn. Sheet.

No. 225-C.S. 21

DEPARTMENT OF CO-OPERATION.

GOVERNMENT OF MYSORE.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Telegraphic Address:
"CO-OPERT"
BANGALORE

Please put up with file
14/7/28

Dated Bangalore, 12th July 1928
13

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

14/7

473

GENL. & REV. SECRETARIAT,
DEVELOPMENT BRANCH
16 JULY 1928

TO

N. Rama Rao, Esq., B.A. B.L.,
Secretary to Government, Development Departments,
Bangalore.

CS. 11-28-1

Sir,

In forwarding herewith a copy of letter No.8230 dated 22nd June 1928 received from the Honorary Secretary of the Apex Bank in the matter of reduction in the rate of interest on the subvention sanctioned by the Government to the Bank for developing and financing house-building co-operative societies in the State, I have the honor to state as follows:-

2. As per existing orders of Government on the subject, the Government will charge interest at 5 per cent to the Bank for the first three years and thereafter at 5½ per cent per annum, the Bank will have to lend to House-Building Co-operative societies at a rate not exceeding 6½ per cent per annum and the societies themselves should not charge more than 7 per cent to their members. It is now represented on behalf of the House-Building Co-operative Societies that there should be a margin of one per cent at least for meeting their working expenses etc., which I consider very necessary. Similarly, it is represented on behalf of the Apex Bank that a margin of at least 2 per cent is necessary to the Bank as it has undertaken to ear-mark a portion of its own funds in addition to the Government subvention for the development of House-Building activities. In their Order No.D.11283-92/C.S.128-25-8 dated 22nd June 1927, Government have sanctioned a loan of one lakh of rupees to the Apex Bank for financing House-Building Co-operative Societies,

both

both urban and rural, in the State and have also expressed their willingness to sanction a further sum of one lakh of rupees as a cash-credit for this purpose, should there be a necessity. The flow of deposits into the Apex Bank is such that the Bank may not draw for sometime to come, any portion of the funds sanctioned by Government. So far during the year 1927-28, it has sanctioned out of its own funds, without drawin any money from the Government Rs 90,000/- to House-Building Co-operative Societies of which Rs 37,750 has actually been drawn and utilised by them. Thus what the Bank really requir is more or less a guarantee that Government is prepared to come to the help of the Bank in time of need by way of a cash-credit and loan already sanctioned in the order referred to above. As there is no likelihood of the Bank availing itself of the loan or the cash-credit, there will be no loss to Government if the rate of interest is reduced. It will only embolden the Bank to lend to House-Building societies at a lower rate of interest and thereby give a great stimulus to House-Building activities throughout the State. I am therefore of opinion that the rate of interest to be charged to the Bank by Government may be lowered to at least 4½ per cent (if 4 per cent is considered very low) allowing a margin of 1½ per cent to the Bank, that the Bank in turn should not charge more than 6 per cent to the House-Building Co-operative Societies, and that these in turn should not charge to their members more than 7 per cent per annum. Anything in excess of 7 per cent to the members will not surely be conducive to the development of House-Building Co-operative Societies. The Townsend Committee of Co-operation of Madras have also recommended that the Building Societies should get their loans at 6 per cent and should lend to their members at not more than 7 per cent.

3. With regard to the period of loan, in the Government Order of June 1927, it is stated that a loan of a lakh of rupees

has

has been sanctioned to the Bank for a period of 3 years in the first instance. The necessity for a long period extending from ~~20th~~ 20 to 25 years in the case of house-building loans has been admitted on all hands. In Bombay the loans to Building Societies are repayable in 20 years. In Madras they are repayable in periods ranging from 20 to 30 years. To enable the societies and the Bank to sanction loans extending up to long periods of 20 to 25 years it is very necessary that there should be no ambiguity. The Apex Bank should know definitely that if it takes the Government loan for financing Building Societies, it has to repay it not in three years but in 25 annual instalments. The Building societies similarly should be given to understand that they have to repay the amounts borrowed from the Apex Bank in 25 annual or 50 half-yearly or 100 quarterly instalments. It is only then that there would be real scope for the rapid development of Co-operative House-Building activities in the State on an extensive scale.

4. I therefore request that Government may be pleased to revise their order referred to above on the following lines:-

- i) The loan and the cash-credit sanctioned to the Apex Ban may be made repayable in not more than 25 annual instalments/ The Bank will, of course, have the option of repaying the loans earlier.
- ii) The rate of interest charged to the Bank by Government may not exceed 4½ per cent per annum.
- iii) The rate of interest charged by the Bank to House Building Societies may not exceed 6 per cent per annum
- iv) The rate of interest charged by the Building Societies to their members may not exceed 7 per cent per annum.

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramayya

Registrar.

Copy of letter No.8230 dated 22nd June 1928 from the Secretary the Mysore Provincial Co-operative Apex Bank,Ltd., to the Registrar of Co-operative Societies.

Adverting to G.O.No.D.11283-92/C.S. dated 22nd June 1927, constituting the Apex Bank as the Chief financing Agency for developing Co-operative housebuilding activities, in the State, and sanctioning a loan of one lakh of rupees to it and also a cash credit of one lakh of rupees for financing housebuilding societies and to G.O.No.11955-64/C.S. 128-27-2 dated 8th May 1928,stipulating that housebuilding societies should not charge an interest of more than 7 per cent on loans given to their members, I have the honour to state that it is represented, on behalf of the building societies, that there should be a margin of at least 1 to 1¼ per cent to cover the working expenses and that the period of repayment should be extended up to 25 years in the minimum. The Board of Directors of the Bank is of opinion that the housebuilding societies should be financed by the Bank at a rate of interest not exceeding 6 per cent per annum with a stipulation that the latter should not charge more than 7 per cent per annum to their members. As,however, the Bank has agreed to ear-mark a portion of its own funds for this purpose, it is absolutely necessary that it should have a margin of at least 2 per cent. The rate of interest to be charged by the Government to the Bank has, therefore, to be reduced to a uniform rate of 4 per cent per annum, instead of 5 and 5½ per cent mentioned in the G.O. dated 22nd June 1927.

Similarly, the period of repayment of the loan from Government should, having regard to the bye-laws of the Housing Society, be extended to 25 years so as to enable the Bank to extend the period of repayment to 25 years in the case of building societies.

Under these circumstances, I request that a reference may kindly be made to Government in the matter so that the rate of interest charged by Government to the Bank may be reduced to 4 per cent per annum and the period of repayment of the loan extended upto 25 years.

12th July 1928.
Bangalore

K.H.Ramayya
Registrar

A. P. F. VI. 61)

SUBJECT..

Diary No. of letter replied to..............................

Section C. S.

File No. 11-28

Serial No. 2

No. D 2243

General and Revenue Secretariat
( )
the 192

Date of issue 21/8/28

Signed by M. V. V. Chary

List of enclosures..

Copied by ....

Examined by ....

To The Registrar of
Coopve Socs. in Mysore

Sir,

With reference to your letter No. 225/C.S., dated the 12th July 1928, in the matter of the reduction in the rate of ~~of~~ interest on the subvention sanctioned by the Govt. to the Mysore Provincial Coopve Apex Bank, Ld., Bangalore, I am directed to observe that the ~~Go~~ Bank has been given a loan of one lakh and further allowed a

P.T. over

WD 0325—GPB—30,000—26-5-27

b

a cash credit of one lakh and to enquire how much out of these amounts ~~have~~ has been actually drawn by the Bank and how much has been advanced by the Bank to House building Societies and at what rates of interest.

2 The favor of an early reply is requested.

I have &c

MP 30/8
to Dev. Secy.

[illegible] 16/8

No. 1523 C.S.

DEPARTMENT OF CO-OPERATION.
GOVERNMENT OF MYSORE.

Telegraphic Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

GEN. & REV. SECRETARIAT
2093
7 SEP. 1928
DEVELOPMENT BRANCH.

C.S.11-28-3

Dated Bangalore, 6th September 1928.

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

To

N. Rama Rao, Esq., B.A., B.L.,
Secretary to Government of Mysore,
Development Departments, Bangalore.

Sir,

In reply to your letter No.D.2243/C.S.11-28-2 dated 21st August 1928 calling for particulars of loans granted to House Building Co-operative Societies by the Mysore Provincial Co-operative Apex Bank, Ltd., Bangalore, I have the honour to state that from the details furnished below, it will be seen that the Bank has sanctioned out of its own funds loans aggregating to Rs.1,10,000/- to three House Building Co-operative Societies at 6 per cent interest for the first two years and 6½ per cent from the third year. No amount has yet been drawn by that Bank out of the subvention of two lakhs granted to it by the Government, as its own funds have been found to be sufficient for the purpose at present.

For perusal

Name of Society.	Amount sanctioned.	Amount drawn.	Rema
1. The Bangalore City Co-operative Housing Society, Ltd.,	Rs. 50,000/-	50,000/-	
2. The Madhugiri House-building Society.	40,000/-	8,000/-	(of this Rs.3000/-h been repai
3. The Mysore House-Building Society.	20,000/-	Nil.	

I have the honour to be,
Sir,
Your most obedient servant,

K H Ramayya
Registrar.

4/9.

Proceedings of the monthly meeting of the Registrar of Co-operative Societies with the Dewan and Member of Council held at 2 P.M. on the 17th July 1928.

----

1. Proposal for the reorganisation of the Department.

The question is under consideration in Council.

2. Reduction in the rate of interest to Home Building Societies and the Apex Bank.

May be considered.

3. Provision of drinking water wells to all depressed classes located as jointly recommended by the Registrar of Co-operative Societies and the Sanitary Commissioner.

Mr. K. H. Ramayya brought to the notice of Government that Adikarnataka's in Bangalore City had not a sufficient supply of drinking water.

4. Grant of an additional allotment of Rs.30,000 for financing depressed class societies.

Decision not noted.

5. Grant of timber and bamboo to the value of Rs.15/- to depressed class to ~~[illegible]~~ people for building and improving their houses.

Transferred to the General Secretary with the opinion of this Secretary.

[illegible]

C.S. 11–25–4

7

Proceedings of the Govt. of H.H.
the Maharaja of Mysore.

Read -

G.O. No.D.11283-92/C.S. 128-25-8, dated 22nd June 1927, sanctioning a loan of one lakh of rupees and a cash credit of another lakh to the Apex Bank, Bangalore, for enabling the Bank to finance the House Building Co-operative Societies in the State.

(2) Correspondence ending with letter No.1523, dated 6th Septr. 1928 from the Registrar of Co-operative Societies in Mysore, recommending in the circumstances explained, that

(i) the loan and the cash credit grante to the Apex Bank in the G.O. read above be made repayable in not more than 25 annual instalments;

(ii) the rate of interest charged to the Bank ~~ax~~ by Govt. be fixed, so as not to excee 4½ per cent per annum; and that

(iii) the rates of interest charged by the Bank to the House Building Societies and ~~the~~ by the latter to their members be fixed, so as ~~kx~~ not to exceed 6 per cent and 7 per cent, respectively.

Order No.D.3894-5/C.S.
Dated, Bangalore, 3rd Oct 1928.

The Registrar has explained the need for fixing a longer period for repayment of the Govt. loan and cash credit and has recommended reduced rates of interest, so as to allow sufficient margin, for facilitating transactions.

2. Govt. are of opinion that it is not expedient at present to fix the rate of interest for the Govt. loan and cash credit to the Apex Bank below 5 per cent; and in modification of the order of the 22nd June 1927 they are pleased to direct that ~~this rate~~ ~~of~~ interest at this rate be levied during the whole currency of the loan.

3. The recommendation of the Registrar as regards item (iii) referred to above, is sanctioned.

4. Govt. are also pleased to ~~extend the time for the repayment of~~ direct that the loan and the ~~xxxx~~ cash credit be made repayable within a maximum period of fifteen years.

19.9.28

MG 15/9/28 Secy. to Govt.Dev.Depttts.

To

The Registrar of Co-operative Societies .
The Comptroller to Government thr. Finl.Sectt.,

D.S.

Extra

Proceedings of the Government of His Highness the
Maharaja of Mysore.

[illegible] dated [illegible]
[illegible]
[illegible]
[illegible]
[illegible].

[illegible] Rs.1325,[illegible]
[illegible]
[illegible], that

(i) the loan and the cash credit granted to the Bank by the Government under G.O. above be made repayable in not more than 25 annual instalments;

(ii) the rate of interest charged to the Bank by Government be fixed, so as not to exceed 4½ per cent per annum; and that

(iii) the rates of interest charged by the Bank to the House Building Societies and by the latter to their members be fixed, so as not to exceed 6 per cent and 7 per cent, respectively.

ORDER NO. D3894-57 CS. 11-28-4
Dated Bangalore 3rd October 1928.

The Registrar has explained the need for fixing a longer period for repayment of the Government loan and cash credit and has recommended reduced rates of interest, so as to allow sufficient margin, for facilitating transactions.

2. Government are of opinion that it is not expedient at present [illegible] below 5 per cent; and in modification of the Order of the [illegible] 1927 they are pleased to direct that [illegible]
[illegible].

3. The recommendation of the Registrar as regards item (iii) referred to above, is sanctioned.

VS

4. Government are also pleased to direct that the loan and the cash credit be made repayable within a maximum period of fifteen years.

For Secretary to Government
Development Departments.

To

The Registrar of Co-operative Societies in Mysore.

The Comptroller to Government through the Financial Department.